Elizabeth Gara, Executive Director
Connecticut Water Works Association
Before the
Environment Committee
February 13, 2015

RE: SB-865 - AN ACT CONCERNING ALLOWABLE COSTS FOR THE INSTALLATION OF OVERSIZED WATER MAINS AND THE BACKUP WELL SITING REQUIREMENTS FOR CERTAIN WATER COMPANY DIVERSIONS.

The Connecticut Water Works Association (CWWA), which represents, municipal, private and regional water companies, ***supports*** **SB-865** to address inequities in the current formula for funding the installation of water mains to provide potable water in areas impacted by contamination.

DEEP's Potable Water Program was created in the early 1980s to make safe drinking water available to residents where their well water was found to be polluted as a result of improper chemical storage, handling, or disposal activities. When a responsible party cannot be identified, state funds have historically been used to provide affected individuals with safe drinking water.

An analysis is performed and an engineering report developed to determine the most cost effective approach to meet the needs of those with contaminated wells, either through bottled water, in home filters or extension of public water supply. Often, the most cost-effective and sustainable long-term solution for providing potable water to a contaminated area involves the extension of water from a nearby public water system and funding for such extensions can be made available from DEEP to the affected municipality.

In many cases, the community would benefit from the installation of water systems that not only have the capacity to meet the needs of the affected residents and businesses but also have the capacity to provide water supplies for fire flow, planned development in the community, or to serve other properties along the route that may not have contaminated wells but would benefit from the assurance of safe and reliable water from a public water suppliers.

Unfortunately, the funding available to a community from DEEP is based on a strict algebraic formula which has the effect of reducing the funding to the municipality if the community should choose to increase the pipe diameter. Often municipalities, water companies, or other parties are willing to fund the incremental cost associated with such an upsize, absorbing the incremental

costs for larger pipe, fittings, etc. but benefiting from the dollars already committed for construction and restoration. Utilities may have similar arrangements when developers are extending main and there could be operational benefits to upsize the pipe. The way the DEEP formula now works, when a pipe is upsized DEEP's funding is reduced and the cost to the town or other party is significantly greater than would otherwise. CWWA is looking to remove this penalty by allowing a municipality to size a water main under the program so that it best serves the long-term needs of the community when the water company or another party is willing to pay for the incremental cost to upsize the pipe.

Below is an example that shows the effect of this formula in a specific case in Haddam, where they have long struggled to bring potable water to numerous private residential and commercial properties that had contaminated wells. When the town sought to extend public water supply and increase the size of the pipe from 8 inch to 12 inch to meet other needs, the effect was that they would actually **receive 37% less funding or a loss of $2.7M from DEEP if a 12 inch water main was installed.**

EXAMPLE: The town of Haddam sought to bring potable water to an area in town with contamination of numerous private residential and commercial wells. A 12 inch water main extension from a nearby public water system is the preferred solution because it would provide safe drinking water, allow for greater fire protection, and enhance economic development in the village priority funding area. Under the 471 program, however, Haddam would receive 37% less funding if a 12 inch water main is used to bring potable water to Tylerville, rather than an 8 inch main. For Haddam, this represents a loss of $2.7 million.

8" WATER MAIN		**12" WATER MAIN**	
Total Project Cost	$6.8M	Total Project Cost	$7.3M
471 Program Contribution	$3.5M	471 Program with 37% Penalty	$0.8M
STEEP Grant	$0.5M	STEEP Grant	$0.5M
Water Company	$0.2M	Water Company	$0.7M
Balance Needed by Town to Fund Solution:	**$2.6M**	**Balance Needed by Town to Fund Solution**	**$5.3M**

While the language in the proposed bill suggests that the size of the larger pipe should be an allowable cost under the program, after discussions with DEEP and others, we would offer the following substitute language for consideration by the Committee:

> (NEW) (8) In no case shall the amount of funding that the municipality is eligible to receive under this section be reduced from what was determined to be the cost to provide potable water for the pollution of groundwater when the incremental costs to increase the

size or capacity of the potable water facility to also provide for fire protection flows or other public water supply needs, consistent with an adopted Plan of Conservation and Development, are funded by the water utility, another party, or other available local, state or federal funds.

With the revised language DEEP funding obligations would NOT increase from what it would otherwise have been to address the identified contaminated wells. It would, however, remedy the flaw in the current formula that has the effect of reducing the funds available to a town if the pipe size were to be increased to meet other needs in the community, when a third party is willing to pay the incremental cost to upsize the pipe.

It has also come to our attention in our discussions with DEEP, that water service connection restrictions may be imposed on the portion of the main extension from the existing water system to the area of contamination as conditions of the DEEP grant. In those areas, it would override the Building Code and DPH rules which would otherwise require that construction on any property within 200' of an existing water main would have to connect to the public water supply – DEEP conditions would instead prohibit such connections. Similarly, it would not allow existing properties along the route to connect to the pipe. While we understand the Department's interest in using the state's funds prudently for the intended purposes, it is not good use of taxpayer dollars to preclude opportunities for incidental benefits for other property owners once the funds are authorized and expended.

CWWA asks for your support of the revisions to section 22a-471 to allow for adequately sizing water mains being extended to contaminated areas to meet public health, firefighting and local development needs in a community when the water utility or other third party is willing to fund the incremental cost for the larger main. The municipality should not be penalized by reduction of otherwise available grant monies. A modest revision to the DEEP Program would facilitate the provision of clean drinking water to contaminated properties, while simultaneously ensuring adequate water is made available to meet other long term needs of communities and the state.

Back up Wells

CWWA also supports provisions in the bill that would extend the radius under which backup wells would be exempted from permitting requirements of the diversion policy act. As public water suppliers, we are depended upon to continuously provide for the public health and safety of residents in the communities we serve, and appropriately respond to all manner of water supply emergencies. In addition to potential large-scale water contamination and supply emergencies, we must continually be prepared to respond to more localized emergencies, such as the failure of a single well, pump, or other vital water system component.

To adequately respond to all types of emergencies, water utilities must have backup sources and other emergency supply alternatives available for immediate use. Supply alternatives such as back-up wells are intended to enhance utilities' emergency response capabilities by providing for

necessary supply redundancy. Currently, replacement and/or backup wells within 250 feet of an existing well are exempt. Section 2 of SB-865 simply extends this radius for backup wells, while minimizing environmental concerns by ensuring that any such wells do not increase withdrawals above already registered or permitted rates.

Thank you for the opportunity to comment in support of SB-865.